

## Message Text

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ACTION NEA-10

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C O R R E C T E D C O P Y F O R P A R A E I G H T

USDOC: INCLUDE CAGNE MAJOR PROJECTS ON DISTRIBUTION

E.O. 11652: N/A  
TAGS: BDIS, TC  
SUBJECT: TRADE DISPUTE: DUTCO PAULING (PVT) LTD VS. EUCLID  
EQUIPMENT INC.

USDOC: INCLUDE MAJOR PROJECTS ON DISTRIBUTION

1. SUMMARY: DUTCO PAULING, ONE OF THE MAJOR CONTRACTORS  
WORKING ON THE JEBEL ALI PROJECT, LAST YEAR BOUGHT TEN MILLION  
DOLLARS' WORTH OF TRUCKS FOR HEAVY HAULING FROM EUCLID BELGIUM  
S.A; A SUBSIDIARY OF EUCLID EQUIPMENT  
INC. OF NEW YORK. DUTCO HAS NOT BEEN ABLE TO OBTAIN  
SATISFACTORY SPARE PARTS SERVICE INCAPICATING 22 TRUCKS OUT OF 60  
PURCHASED. TWENTY OF THESE ARE HAULING REDUCED LOADS AND TWO  
ARE DEAD-LINED. DUTCO CLAIMS THEY HAVE ORDERED SPARES IN A  
TIMELY MANNER, BUT HAVE NOT RECEIVED AN ADEQUATE NUMBER. ONE OF  
DUTCO'S PRINCIPAL'S, AHMED BAKER, GREATLY ASSISTED EMBASSY IN  
WINNING MANAGEMENT OF JEBEL AIL PORT FOR A US FIRM. THIS CABLE  
REQUESTS USDOC TO CONTACT EUCLID TO INFORM THE COMPANY OF DUTCO  
PAULING'S DISSATISFACTION AND TO HELP RESOLVE THE DISPUTE. END  
SUMMARY

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2. THE GENERAL MANAGER OF DUTCO PAULING (PVT) LTD;  
P.O. BOX 5240, DUBAI, UNITED ARAB EMIRATES (TELEPHONE 257175  
AND TELEX 6906 DPPCO DB), CALLED ON EMBASSY'S DUBAI OFFICE 24  
JULY TO INITIATE TRADE COMPLAINT AGAINST EUCLID EQUIPMENT IN-  
CORPORATED, 250 ADAMS BOULEVARD, FARMINGDALE, NEW YORK 11735  
(TELEPHONE 516-293-9292 AND TELEX 5102246522 EUCOM FDLE).

DISPUTE CONCERNS SUPPLY OF SPARE PARTS FROM EUCLID EQUIPMENT INC. THROUGH THEIR BELGIAN SUBSIDIARY, EUCLID BELGIUM S.A; MANHATTAN CENTRE, PLACE ROGIER, AVENUE DUD BOULEVARD 21, B 1000 BRUSSELS (TELEPHONE 02-219-25-44/ 218-72-80- 218-73-34, AND TELEX NUMBER 26693).

3. BETWEEN JUNE 1977 AND JANUARY 1978, DUTCO-PAULING PURCHASED 60 EUCLID R-50/301 LD REAR DUMP TRUCKS FOR USDOLS 175,000 EACH CIF DUBAI. ACCORDING TO DUTCO PAULING'S GENERAL MANAGER, MR. PETER A. PROSSER, THE COMPANY HAS HAD DIFFICULTIES OBTAINING AN ADEQUATE SUPPLY OF SPARE PARTS FROM JUNE 1977 ONWARDS. ALL BUT THE FIRST TEN TRUCKS WERE ALSO DELIVERED LATE. SOME OF THE DELAY WAS CAUSED, IN MR. PROSSER'S OPINION, BY EUCLID'S ELECTING TO SHIP THE TRUCKS AND PARTS ON RUSSIAN SHIPPING WHICH HAD TO CALL IN EUROPE BEFORE STEAMING TO THE PERSIAN GULF.

4. PROSSER ASSERTS THAT HIS FIRM HAS ORDERED PARTS FROM EUCLID BELGIUM IN A TIMELY MANNER. HE ADDS THAT HIS COMPANY INSISTED THAT A REPRESENTATIVE OF EUCLID EQUIPMENT INC. (USA) PARTICIPATE IN THE SIGNING OF THE ORIGINAL CONTRACT FOR THE PURCHASE OF THE TRUCKS AND THEIR SPARE PARTS IN ORDER TO GUARANTEE THAT THE AMERICAN PARENT WOULD BE RESPONSIBLE FOR THE SUPPLY OF PARTS.

5. IN PARTICULAR, HIS FIRM WANTS EUCLID TO PROVIDE THE SPARE PARTS LISTED IN PARAGRAPH SEVEN BELOW AND SHIP THEM TO DUBAI BY AIRFREIGHT. HE CLAIMS THAT DUTCO PAULING'S LONDON OFFICE HAS UNCLASSIFIED

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RECEIVED UNRESPONSIVE TREATMENT FROM A NUMBER OF EUCLID BELGIUM EMPLOYEES, INCLUDING A MR. VAN MEERHAEGHE. FINALLY, HE WANTS THE AMERICAN PARENT AND ITS BELGIAN SUBSIDIARY TO LIVE UP TO WHAT HE PERCEIVES AS THEIR OBLIGATION TO PROVIDE HIM WITH PARTS PROMPTLY AND REGULARLY. MR. PROSSER ASSERTS THAT HIS COMPANY'S WORK ON THE JEBEL ALI PROJECT HAS BEEN SLOWED BY THE SHORTAGE OF SPARE PARTS, WHICH HE STATES IS NOW CRITICAL. MANY OF THE 20 TRUCKS NOW CARRYING REDUCED LOADS HAVE SERIOUS CRACKS IN THEIR HUB ASSEMBLIES MR. PROSSER AFFIRMS. THESE CRACKS ARE BECOMING LARGER EACH DAY, AND IF PROSSER DOES NOT GET SPARES, HE FEARS THE FRONT WHEELS MAY FALL OFF.

6. PROSSER WANTS HIS SPARES ON A REGULAR AND TIMELY BASIS. IN PARTICULAR HE ASKS USG AID IN OBTAINING FOLLOWING PARTS IMMEDIATELY. WE REQUEST ADDRESSEES PASS THIS LIST TO EUCLID.

7. SPARE PARTS NEEDED:

55 EACH OF PART NUMBER 4019231 (MOUNT)  
50 EACH OF PARK NUMBER 4019804 (MOUNT)  
485 EACH OF PART NUMBER 4026220 (PAD)  
62 EACH OF PART NUMBER 4026221 (PAD)  
6 EACH OF PART NUMBER 4026216 (PAD)  
10 EACH OF PART NUMBER 4026217 (PAD)

6 EACH OF PART NUMBER 4011260 (CYL ASS.)  
6 EACH OF PART NUMBER 4039541 (ROT. ASS.)  
6 EACH OF PART NUMBER 4021745 (DRIVE ASS.)

PROSSER STATES THAT HE HAS TOLD EUCLID OF THESE AND ALSO  
HAS 43 OTHER ITEMS IN VARYING QUANTITIES ON ORDER ON AN URGENT  
BASIS IN ADDITION TO REGULAR ORDERS.

8. DUTCO PAULING'S CHAIRMAN OF THE BOARD, AHMED BAKER, HAS  
NOT ONLY MADE LARGE PURCHASES FROM THE USA BUT HAS ALSO  
SIGNIFICANTLY HELPED BOOST THE US'S COMMERCIAL PRESENCE IN DUBAI.  
HE PLAYED A LARGE ROLE IN WINNING THE MANAGEMENT OF 74 BERTH  
HARBOR FOR A US FIRM, SEALAND. THE RULER OF DUBAI HAS PUT  
GREAT PRESSURE ON DUTCO PAULING TO COMPLETE THEIR PORTION OF  
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THE CONSTRUCTION OF THE PORT AS QUICKLY AS POSSIBLE. SEVERAL  
EUROPEAN TRUCK MANUFACTURERS ARE COMPETING ACTIVELY FOR SALES IN  
THE UAE. ONE OF THEIR CLAIMS IS THAT THEIR PARTS AVAILABILITY  
AND STOCK MANAGEMENT IS MUCH BETTER THAN THOSE OF US COMPETITORS.  
BAKER'S PURCHASE OF THE EUCLID TRUCKS WAS A COMMERCIAL BREAK-  
THROUGH, AND WE FEEL IT IS COMPETITIVELY IMPORTANT FOR EUCLID TO  
BE SEEN TO PROVIDE GOOD SERVICE TO A MAJOR CLIENT WORKING ON  
A HIGHLY VISIBLE PRESTIGE PROJECT.  
DICKMAN

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## Message Attributes

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